

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Report Highlights:

Economy grows at 8.8% in first quarter, *No consensus over Food Bill in NAC meet*, *SC raps Pawar: Free foodgrain to poor an order*, *Regulators ticks off Hyderabad lab for jellyfish spiked chicken*, *Futures turnover to top trillion 2.1 USD: Forward Markets Commission*, *Government raises onion MEP by \$55 for September*, *Withdrawal of benefits upsets spices exporters*.

General Information:

Welcome to Hot Bites from India, a weekly summary of issues of interest to the U. S. agricultural community. The report includes information that has been garnered during travel within India, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included and summarized in this report. Significant issues will be expanded upon in subsequent reports from this office. Minor grammatical changes have been made for clarification.

DISCLAIMER: Any press summary contained herein does NOT reflect USDA's, the U.S. Embassy's, or any other U.S. government agency's point of view or official policy.

ECONOMY GROWS AT 8.8% IN FIRST QUARTER

The Indian economy grew by an impressive 8.8 percent during the first quarter of Indian fiscal year (IFY) 2009/10 (April-March) powered by a robust growth in manufacturing sector and a turnaround in agriculture and allied activities. The growth in the quarter (April-June 2010) was the fastest in nearly three years since the last quarter of IFY 2006/07 when the economy expanded by 9.5 percent. The manufacturing sector, which was severely affected by the global financial slowdown, posted a healthy growth of 12.4 percent in Apr-Jun quarter of 2010/11 as compared to 3.4 growth in the same period last IFY. Agriculture and allied activities expanded by 2.8 percent during the quarter from 1.9 percent in April-June 2009. The agriculture sector is poised to improve further following good monsoon rainfall which is expected to yield a good kharif (fall) harvest. (Source: [Hindu](#), 09/01/2010)

NO CONSENSUS OVER FOOD BILL IN NAC MEET

The National Advisory Council (NAC) meeting on Monday could not reach a consensus on the ambit of the proposed National Food Security Act as some pitched for universalization while others wondered whether the government has the required food grains to service the promise of food for all. The NAC plans to hold consultations with various ministries, including agriculture and food. The NAC hopes to finalize their draft recommendation by September 24 and send it to the government for consideration. NAC is concerned if what is promised in the proposed act can be affectively fulfilled by the government. (Source: [Hindustan Times](#), 08/31/2010)

SC RAPS PAWAR: FREE FOODGRAIN TO POOR AN ORDER

On Tuesday the Supreme Court of India rapped Food Minister Sharad Pawar for interpreting its previous judicial noting to the government to distribute food grains to poor instead of letting it rot, which the minister took as a suggestion not binding on the government, was indeed an order. In

his reaction to the Supreme Courts earlier ruling of August 11, media reported Minister Pawar stating that the Supreme Court suggestion of distributing food grain free of cost is not possible to implement. The court also ordered the government to conduct a survey to assess the population below poverty line as the 2010 population estimate. Minister Pawar made a statement in the Parliament that the government will honor the decision of the Supreme Court. (Source: [Indian Express](#), 09/01/2010)

REGULATORS TICKS OFF HYDERABAD LAB FOR JELLYFISH SPIKED CHICKEN

India's apex biotech regulator, Genetic Engineering Appraisal Committee (GEAC), has censured a government research laboratory conducting experiments to develop genetically modified chicken, for violating environmental laws. Earlier in April, the Project Directorate of Poultry, which is based in Hyderabad and affiliated to the Indian Council of Agriculture Research, claimed developing a new technique to transfer genes from jelly fish to chicken eggs that has immense potential for the pharmaceuticals industry. Recently, the GEAC issued a notification ruling that the poultry laboratory does not have a biosafety committee at the institute and had not informed the Review Committee on Genetic Manipulation for approval for trials of GM products. The Directorate has violated the provisions of the Rules 1989 (Environmental Protection Act), and thus is liable for prosecution. The GEAC expressed deep concern that public sector institutions are not abiding by the law. (Source: [Livemint](#), 09/01/2010)

FUTURES TURNOVER TO TOP TRILLION 2.1 USD: FORWARD MARKETS COMMISSION

"The turnover on commodity exchanges in India, the top consumer of gold and the second largest wheat and rice grower may jump more than 28 per cent as sugar futures trading resumes and new bourses start operations," according to the industry regulator: the Forward Market Commission (FMC). According to the Chairman of FMC, Mr. B.C. Khatua, the trading value may exceed trillion 2.1 USD in the Indian Financial Year April 2010-March 2011 than an year ago. The turnover on Indian commodity bourses has surged 120 times after electronic trading was introduced in 2003 in India. The Government may lift the ban on trading sugar futures next month. The restriction, imposed in May 2009 to keep prices from rising because of shortage, was extended in December, 09 until September 30, 2010. (Source: [Business Standard](#): September 1, 2010)

GOVERNMENT RAISES ONION MEP BY \$55 FOR SEPTEMBER

"The Minimum Export Price (MEP) has been increased by \$55 a ton for September 2010 after three months," said a senior official with agri-cooperative NAFED, which is the government's agency to regulate onion export. After the rise, the MEP stands at \$275 a ton. According to the official data, India exported 1.04 million tons of onions, in the first six months of the current year.

NAFED, along with 13 other agencies involved in onion export, decides the MEP every month. No export can take place below the MEP and all contracts are registered with the NAFED. This increase has been done to step up availability of the commodity in domestic markets. The official further said, "The MEP was increased because of sharp surge in prices of export-quality onion by Rs 200 (USD 4.5) per quintal in last one month." The high MEP may bring down export further, thereby raising domestic supply, he noted. (Source: [Business Standard](#), 09/01/2010)

WITHDRAWAL OF BENEFITS UPSETS SPICES EXPORTERS

In a representation to the Union Minister for Commerce and Industry, the Indian Spices and Foodstuff Exporters Association has demanded restoration of the VKGUY (Visesh Krishi and Gram Upaj Yojana) scheme benefits, at least until March 2011, so that exporters are able to fulfill their annual commitments and exports continue unhampered by the sudden withdrawal of incentive. On August 23, the Director General of Foreign Trade notified withdrawal of VKGUY scheme with effect from April 1, 2010. In recent years, spices exports have demonstrated robust growth. However, lately, spices are facing severe competition from other origins that are able to snatch away India's traditional market share. Cumin seed, fennel seed and turmeric, in particular, are the worst hit, exporters have complained. In addition to Syria, Myanmar and Vietnam, China competes with India in the cumin and fennel market. (Source: [Hindu Business Line](#), 08/31/2010)

RECENT REPORTS SUBMITTED BY FAS/NEW DELHI

REPORT #	SUBJECT	DATE SUBMITTED
IN1078	India Amends Standards for Rapeseeds and Mustard Oil	08/27/2010
IN1079	Weekly Hot Bites, #34	08/27/2010
IN1080	India Amends Standards for Milk and Milk Products	08/27/2010
IN1081	Cotton and Products Update – September 2010 Quarterly	09/01/2010
IN1083	Oilseed and Products – Indian Oilseed Planting Situation	09/03/2010

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